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C O N F I D E N T I A L SECTION 01 OF 04 TAIPEI 003939

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STATE PASS AIT/W

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TAGS: [PREL](#) [PGOV](#) [TW](#)

SUBJECT: LY CAMPAIGN ENTERS THE FINAL STRETCH

REF: A. TAIPEI 03779

[1](#)B. TAIPEI 03031

Classified By: AIT Deputy Director David J. Keegan, Reason: 1.4 (B/D)

[1](#)1. (C) Summary: As the campaign for control of the Legislative Yuan (LY) enters its final day, the outcome looks increasingly to be determined by a few key variables: signs that the KMT's "peipiao" vote allocation is breaking down, DPP fears of a TSU late surge, a spate of vote-buying arrests, and last minute appeals to middle voters, who may (or may not) provide key swing votes. In the end, however, many of the closest races are still too close and complicated to predict and will ultimately be decided, party officials claim, "by luck." While some of these factors are common to elections everywhere in the world, many are unique to Taiwanese LY elections and their multi-member districts. This election is expected to be the last held under this system, so many of these issues will become a thing of the past after December 11. End Summary.

[1](#)2. (C) As time runs out in the LY campaign, both camps are making their final appeals to both core voters and centrists, but the real battle is playing out over vote allocation "peipiao." Presidential aide Liu Shih-chung told AIT on December 10 that the Democratic Progressive Party (DPP) has revised down its internal assessment from 110 to 107 based on recent trends, but said this pessimism was based on the assumption that the Pan-Blue would formally abandon its poorly designed peipiao scheme in the final hours of the campaign. "If they don't, we will go back to our 110-111 range estimate." As if on cue, Kuomintang (KMT) Chairman Lien Chan publicly rejected calls for dropping the KMT's peipiao plan, stating that "as long as we do a good job of peipiao, all of our candidates will win."

[1](#)3. (C) Both sides seem to see the KMT's handling of peipiao as the key final variable in this election. The DPP finalized its peipiao arrangements in most districts in the last two weeks of the campaign. It disseminated its vote allocation instructions to voters by a variety of means, from traditional billboards, newspaper and bus-side advertising to commemorative stamps and even condoms. Then the KMT came under pressure to respond. In a press conference on December 6, they announced that they would implement peipiao allocation in ten of the most hotly contested districts. Closer examination reveals, however, that some of the KMT's announced peipiao schemes are merely empty propaganda. When AIT asked Miaoli County KMT Chairman Lee Chin-sung about the peipiao plan for his district, for example, he replied that the "new" peipiao plan was just a repackaging of the traditional (and generally ineffective) geographic distribution effort they had been using before the announcement.

KMT Candidates Rebel ...

[1](#)4. (C) In other districts, however, the KMT's announcement has instilled panic in many of its candidates who had been doing well in the polls. Some have openly rebelled against the party leadership, publicly urging their followers to disregard the party's peipiao instructions. One Taipei City KMT candidate, Lai Shih-pao, a consistent front-runner in the polls, became desperate enough to spam random mobile phones (Poloff's included) with text messages begging voters to ignore the "fake peipiao order from KMT central." Part of this is certainly motivated by candidates' desire to win by a large margin, thus bolstering their chances of being nominated in the next election (Ref A), but many front-runners are legitimately afraid. Ham-handed KMT peipiao attempts in previous elections have more than once resulted in the most popular candidate in a district losing the election entirely.

... While PFP Candidates Riot

[1](#)5. (C) Some in the PFP, however, are literally rioting over the KMT's peipiao plans. In Chiayi on December 7 PFP supporters burned the local KMT Chairman in effigy and tried to storm the KMT Headquarters there to demand that the KMT share votes with their candidate. Complaints about being

left out of the KMT's peipiao plans have been a constant PFP theme for the last few weeks of the campaign. However, this is only one issue among many in the rapidly declining relationship between the KMT and the PFP since plans for an early merger between the two parties fell apart in October (Ref B). Cooperation between the two parties is now non-existent even in the few places (such as Nantou County) where it seemed inter-party peipiao could be safely implemented. This makes it more likely that Pan-Green candidates will pick up extra seats in those districts. The acrimony between the two parties has reached the point where many doubt the post-election merger will take place at all.

Possible TSU Surge Has the DPP Nervous

16. (C) Internecine fighting and nervousness over peipiao is not confined to the Pan-Blue camp, however. Many lagging TSU candidates have expressed renewed confidence in their chances for victory in the wake of a surprisingly well-received rally speech by TSU leader Lee Teng-hui on December 5. Lee characterized the TSU as Taiwan's only loyal opposition party and attacked the DPP as incapable of truly defending Taiwan's sovereignty. These remarks have reenergized fundamentalist Green voters and drawn them away from the DPP and toward the TSU. Commentators are predicting this last minute surge

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could propel the TSU to a better than expected performance on election day, possibly taking more than 20 seats. Even DPP officials are now expressing concern that the TSU might unseat senior DPP incumbents in Keelung, Chiayi and Hsinchu City. In many other districts where the DPP and TSU had negotiated joint peipiao plans, the DPP candidates are showing uncharacteristic reluctance to participate, although for now they appear to be at least nominally willing to cooperate. However AIT's assessment is that talk of a last minute TSU surge may be exaggerated. Even if the TSU is able to transform this momentum into success at the polls, it will likely only increase its total to 17-19 seats and most of the gains will be in places like Yunlin, Nantou and Taipei City where the seat might have otherwise gone to an independent or KMT candidate. At most, two or three of the DPP's weaker newcomers might be displaced by the TSU's rally.

Chen's "Contract for Taiwan" - At the 11th Hour

17. (C) Another variable that both sides are concentrating on in the last hours of the campaign is the centrist voter. The bitterly divisive campaign and extreme rhetoric of the past few weeks have largely alienated moderate voters, but with many races likely to be decided by less than 1000 votes, both camps are belatedly appealing to voters in the middle. President Chen's eleventh hour appeal takes the form of a "Contract For Taiwan" whose ten points include a variety of sensible tax and fiscal proposals as well as promises of judicial reform and passage of the special defense procurement package. (Comment: None of these constructive topics have received much attention from Chen or other DPP candidates, despite several predictions to AIT by senior DPP officials that they would. End Comment.)

"Contract ON Taiwan" - The KMT Threatens Gridlock

18. (C) The KMT's last minute appeal is instead a variation on the divisive. LY Speaker Wang Jin-pyng, in an interview with Hong-Kong media, threatened that if the Pan-Blue lost the majority and he were not reelected Speaker, then Pan-Blue legislators would "paralyze" the LY by derailing every bill proposed by the majority. KMT Chairman Lien Chan offered a depressingly similar promise should the Pan-Blue win a majority. On December 4, he told supporters that if the Pan-Blue retained its majority, it would form a new government. DPP officials blasted Lien's proposal as "unconstitutional", pointing out that under Taiwan's constitution, it is the President, not the Legislature that appoints the cabinet and forms a government. The KMT spokesman later clarified that Lien had really meant that Chen "should respect the mandate shown in the election" when nominating the cabinet. Lien, however, has refused to back down and on December 9 named LY Vice President Chiang Pin-kun as the next Premier should the Pan-Blue win a majority. He threatened a no-confidence vote against any other nominee from Chen. (Note: The Taiwanese Constitution technically allows for such a no-confidence vote by the LY under certain circumstances, but the President is then entitled to dissolve the LY and call a new election. End Note.)

Handbags for Votes

19. (C) As expected, vote-buying has also become a prominent issue in the last week of the campaign. Prosecutors have zealously adhered to pledges to crack down on vote-buying in

this election, and there have been a flurry of indictments. Those accused of vote-buying have primarily been campaign assistants and district party chairmen, rather than the candidates themselves. The majority of indictments have been on the Pan-Blue side, and KMT officials have predictably complained that these vote-buying charges are politically motivated and carried out by a judiciary "controlled by the DPP." However, DPP and TSU campaign offices have also been targeted. Miaoli County DPP Chairman Hsu Chin-jung, noting the indictment of one of his campaign managers, complained that most of the indictments, on both sides, were for petty offenses such as hosting banquets for supporters or giving out handbags or baseball caps at rallies. "The real vote-buyers aren't getting caught," he said, because the evidence is so much harder to find. He noted that many of the independent candidates have organized crime connections, presumably rely primarily on vote buying for their support, and are still running strong in this campaign.

Non-Violent Campaign Marred by Bombing on Eve of Election

10. (C) So far there has been no significant violence in this LY election campaign (which is more than can be said of the LY itself), even in the south, where it has been a particular problem in the past (Septel). Simultaneous large-scale rallies in Taipei on December 5 by the KMT and TSU were held within blocks of one another without erupting into violence. On December 9, however, the city of Taipei saw several threatening incidents, although it is not yet clear if and how they are related to the election. A van loaded with 11 bottles of gasoline and cooking gas burst into flames around noon near Taipei Railway Station. Four hours later several suspicious packages were found in the station itself. Additionally, several TV news anchors received letters saying that in the presidential election there had been two bullets, but in this election there would be four. The letters demanded that President Chen give up his pursuit of Taiwan independence and threatened that explosives would be placed in the Taipei Railway Station and in the Taipei 101 skyscraper.

Comment: Final Stretch for an Anachronism

11. (C) Some of the variables that will determine the final outcome of this election, such as the role of centrist voters, smearing, and last-minute rhetoric, are common to elections in democracies all around the world. However, many more are unique to Taiwan. The overwhelming importance of peipiao, and the central role it plays in every phase of the campaign, are artifacts of the multi-member district electoral system. The low margin of victory in almost all such districts also increases the effectiveness of and temptation for vote-buying. It also drives candidates to appeal to small and often extremist elements of the electorate. Even Taiwan's complex inter-party dynamics are partly the result of its hybrid electoral systems: the LY system encourages multiple parties and factionalism within each party, while the first-past-the-post system used in the Presidential race promotes two large "camps". If the package of Legislative Constitutional reforms passed in August is ratified by the National Assembly early next year, as expected, this will be the last election of this kind in Taiwan. All of these complex, non-policy tactical issues will then presumably disappear as well. Perhaps we can look forward to a more moderate, issues-focused debate at that time.

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